

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 EB-11 L-03 SS-20 SSO-00 COME-00 TRSE-00

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DRAFTED BY ARA/NC:FJDEVINE:NLF

APPROVED BY ARA - MR. SHLAUDEMANN

ARA/NC/V - MR. FORRESTER

EB - MR. BROOKINS (DRAFT)

L/ARA - MR. GANTZ (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 093175

E.O. 11652: GDS

TAGS: EMIN, PGOV, PFOR, ENRG, ELAB, VE

SUBJECT: DISCUSSION OF NEW ECONOMIC NATIONALISM MEASURES
WITH VENEZUELAN AMBASSADOR

REF: A. STATE 90161 B. CARACAS 3961

1. DEPUTY ASSISTANT SECRETARY SHLAUDEMANN AND OTHER
APPROPRIATE DEPARTMENT OFFICERS TODAY RECEIVED VENEZUELAN
AMBASSADOR AGUILAR ACCOMPANIED BY FELIX ROSSI, MINISTER
COUNSELOR FOR PETROLEUM AFFAIRS.

2. SHLAUDEMANN REFERRED TO PRESIDENT PEREZ' SPEECH OF
APRIL 29, RECOGNIZED IMPORTANCE OF THAT NATIONAL ADDRESS
AND NOTED GREAT ATTENTION IT HAD RECEIVED IN VENEZUELA
AND ABROAD. HE SAID THAT EXACT IMPORT OF SPEECH
OBVIOUSLY REMAINED TO BE DEFINED BUT THAT IT APPEARED TO
HAVE VERY SIGNIFICANT IMPLICATIONS FOR FOREIGN CAPITAL
INVESTMENT IN VENEZUELA. IN VIEW OF THESE, AND WITHOUT
PREJUDGING COURSE OF FUTURE ACTION TAKEN TO IMPLEMENT
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PRESIDENT'S SPEECH, SHLAUDEMANN SAID THAT PREDOMINANCE OF

US BUSINESS INTERESTS AMONG SOME OF CATEGORIES LIKELY TO BE AFFECTED SUGGESTED DESIRABILITY OF EXCHANGE OF VIEWS AT THIS TIME.

3. SHLAUDEMANN NOTED PUBLIC INTERPRETATION THAT NATIONALIZATION OF SOME U.S. INVESTMENTS IS INVOLVED AND SAID THAT ON THIS BASIS HE WISHED RESTATE USG POSITION ON SUCH MATTERS. HE EMPHASIZED THAT WHILE USG DOES NOT QUESTION SOVEREIGN RIGHT TO NATIONALIZE, PROVIDED PROCESS IS FOR PUBLIC PURPOSE AND NEITHER ARBITRARY NOR DISCRIMINATORY, IT DOES EXPECT COMPLIANCE WITH INTERNATIONAL LAW IN TERMS OF PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION. HE ADDED THAT WE WANTED TO BE SURE THERE WAS NO MISUNDERSTANDING ON THAT POINT.

4. GOING ON FROM THIS POINT, SHLAUDEMANN SAID USG ATTACHES GREAT IMPORTANCE TO SOUND, POSITIVE, CONSTRUCTIVE RELATIONSHIP WITH VENEZUELA AND HOPES THAT IMPLEMENTATION OF PRESIDENT PEREZ' POLICIES MAY BE CARRIED OUT IN MANNER CONSISTENT WITH THESE ASPIRATIONS. USG CAN UNDERSTAND DOMESTIC FACTORS WHICH MAY HAVE SHAPED BROAD OUTLINE OF PRESIDENT PEREZ' SPEECH, ALTHOUGH WE MAY NOT AGREE WITH ASPECTS AFFECTING FOREIGN INVESTMENT. BUT USG DOES TRUST THAT AS GOV MOVES FORWARD WITH MEASURES AFFECTING FOREIGN INVESTMENT IN VENEZUELA THIS WILL BE DONE IN A MANNER FULLY CONSISTENT WITH GOOD RELATION-

SHIP WHICH WE SEEK. TOWARD THIS END, SHLAUDEMANN SAID WE WISH GOV TO KNOW THAT USG LOOKS FORWARD TO A CONSTRUCTIVE DIALOGUE ON THESE MATTERS AS THE GOV MOVES AHEAD IN ITS PROGRAM.

5. AMBASSADOR AGUILAR EXPRESSED APPRECIATION AND UNDERSTANDING FOR SHLAUDEMANN'S WORDS AND SAID THAT HE HIMSELF WAS NOT YET FULLY IN POSITION TO COMMENT SUBSTANTIVELY UPON PRESIDENT PEREZ' REMARKS. AT SAME TIME, HE WISHED TO MAKE TWO POINTS. FIRST OF THESE WAS THAT VENEZUELA HAS DEMOCRATIC GOVERNMENT BASED UPON FREELY EXPRESSED WILL OF THE PEOPLE AND CONDUCTED IN ACCORDANCE WITH PROVISIONS SET FORTH IN VENEZUELAN

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CONSTITUTION. THIS ASSURES, HE SAID, THAT IMPLEMENTATION OF PRESIDENT'S WORDS WILL INVOLVE DUE PROCESS IN ACCORDANCE WITH CONSTITUTION. SECONDLY, AMBASSADOR AGUILAR SAID THAT PUBLIC PRONOUNCEMENTS BY PRESIDENT PEREZ SINCE HIS ELECTION AND HIGHLY POSITIVE TONE OF FONMIN SCHACHT'S DISCUSSION WITH SECRETARY KISSINGER HAVE CLEARLY DEMONSTRATED FRIENDLY AND POSITIVE ATTITUDE OF GOV TOWARD UNITED STATES. HE FELT SURE THAT THIS IN

ITSELF WOULD CONTRIBUTE TO CONSTRUCTIVE IMPLEMENTATION IN WHICH SHLAUDEMANN HAD EXPRESSED INTEREST. IN CLOSING HIS REPLY, AMBASSADOR AGUILAR ADDED THAT HE FELT GOV WOULD CERTAINLY FAVOR DIALOGUE OF TYPE SUGGESTED.

6. IN BALANCE OF DISCUSSION, BRIEF REFERENCE WAS MADE TO INTERRELATIONSHIP OF THESE MATTERS WITH VENEZUELAN MEMBERSHIP IN ANDEAN PACT, FACT THAT SOME OTHER MEMBERS OF PACT HAVE ALREADY FACED UP TO IMPLEMENTATION OF PACT'S PROVISIONS IN A CONSTRUCTIVE MANNER, AND TO MUTUAL DESIRABILITY FROM STANDPOINT OF BOTH USG AND GOV OF CONTRIBUTING THROUGH MEANINGFUL DIALOGUE TO ANTICIPATING AND FORESTALLING ERRONEOUS AND EXAGGERATED TREATMENT OF ENTIRE MATTER IN TERMS OF PUBLIC, PRESS, AND OTHER PERTINENT ATTITUDES.

7. CONVERSATION CLOSED ON NOTE THAT AMBASSADOR WOULD BE REPORTING TO HIS GOVERNMENT AND WOULD BE IN FURTHER CONTACT THEREAFTER.

8. MEMCON WILL BE POUCHED AND FURTHER INSTRUCTIONS PROVIDED SEPTTEL. RUSH

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